



Texas-Mexico Automotive SuperCluster (TMASC)

Strategy Overview, Opportunities and Challenges

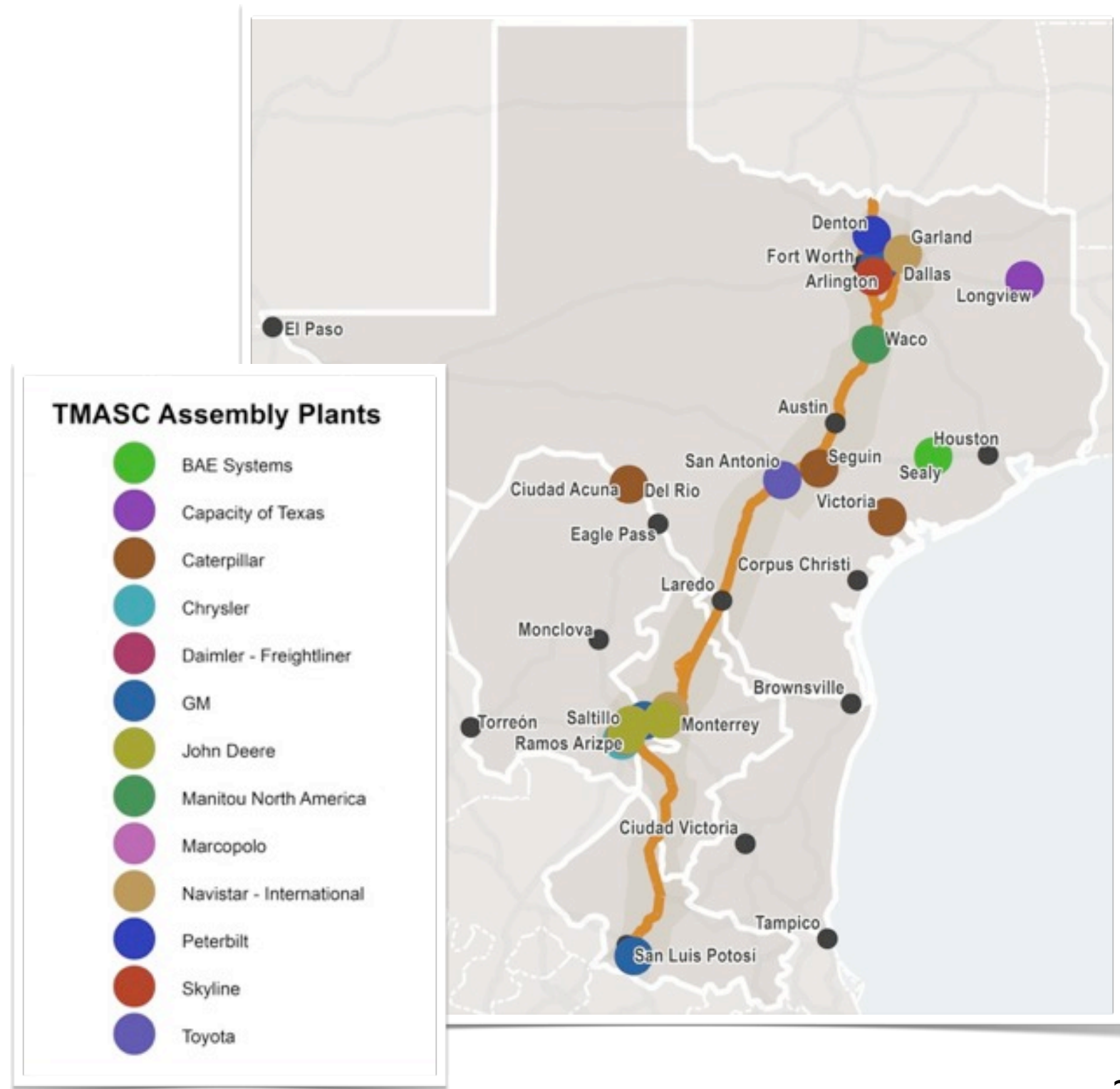
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Bexar County Economic Development
Prepared for 7th Annual Texas Transportation Forum
San Antonio, Texas*

Texas-Mexico Automotive SuperCluster (TMASC)

- Launched in 2008 by Bexar County Economic Development
- Cluster development strategy along NAFTA corridor (I-35, MX-85, MX-57)
- Regional perspective that includes the Mexican states of:
 - Coahuila,
 - Nuevo Leon,
 - San Luis Potosi, and
 - Tamaulipas





TMASC Logic

In what ways might Bexar County ensure Toyota's success?
... increase industry's density to lower costs of doing business.

Strategic Factors

- Direct experience with TMMTX
- Global automaker and supplier presence
- Labor
- Regional integration
- Changing geography of automotive manufacturing



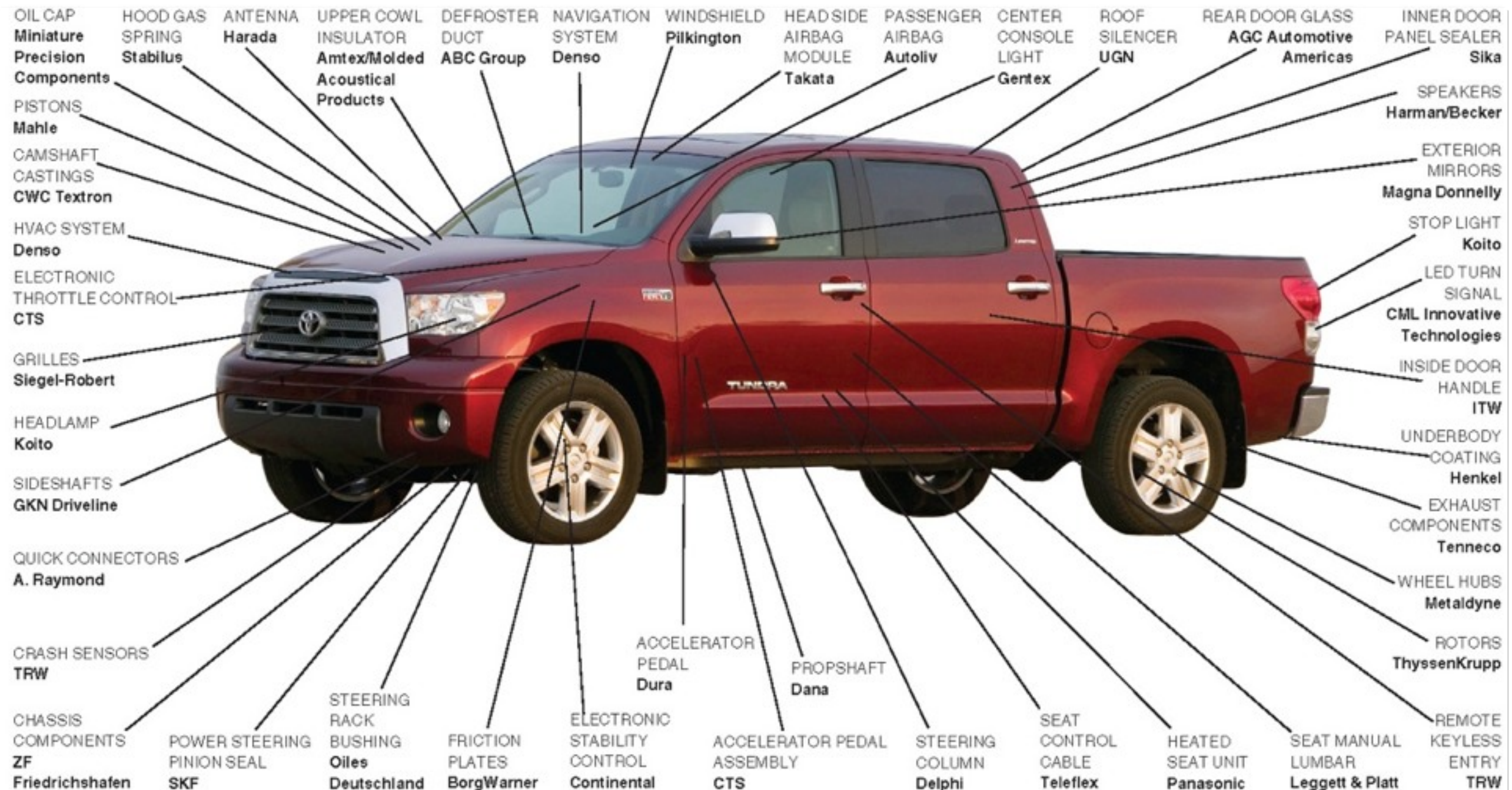


Securing Growth in Regional Automotive Manufacturing for Future Generations

Toyota Motor Manufacturing Texas, Inc. Established in 2003

"If we could attract the crown jewel of manufacturing, an automobile manufacturing plant, we would dramatically change our local economy." - Bexar County Judge Nelson W. Wolff

The Cluster Effect at the Local Level: 21 On-site Suppliers



Vehicles Manufactured in TMASC



Cadillac Escalade
Hybrid



Chevrolet Tahoe
Hybrid



GMC Yukon Hybrid



Chevrolet Tahoe



Cadillac Escalade ESV



Cadillac SRX



Chevrolet C2



Chevrolet Suburban



Chevrolet Aveo



Cadillac Escalade



Chevrolet Captiva Sport



GMC Yukon



SAAB 9-4X



Chrysler Dodge Ram



Toyota Tundra



Toyota Tacoma



Chevrolet HHR

Heavy Duty & Military Vehicles Manufactured in TMA SC



EMS and Urban
Command Vehicles



DuraStar® Hybrid



Pluggable Hybrid Electric
Terminal Tractor (PHETT™)



Family of Medium
Tactical Vehicles (FMTV)



Terminal Tractors



Truck and Service Truck Bodies



Forklifts and Handlers



Utility Equipment and Trailers



TERRASTAR

TerraStar®



Class 5 through Class 8 Trucks



Military Commercial

Off-the-Shelf Vehicles (MILCOTS)



Fifth Wheel, Ramp,
and Travel Trailers



PAYSTAR

PayStar®, WorkStar®

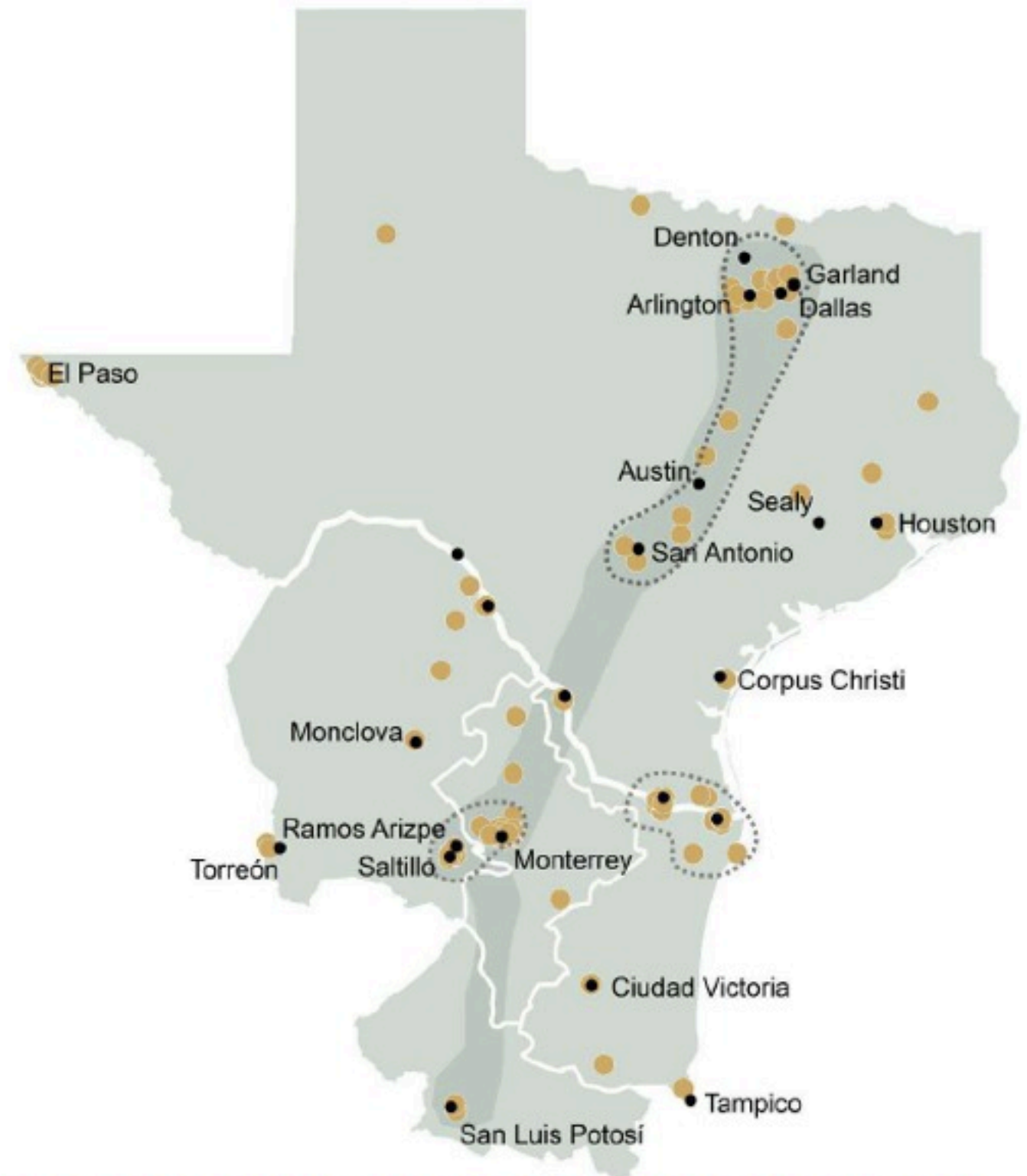


Mine-Resistant Ambush-Protected Armored Vehicles (MRAP) Chassis



Hydraulic Excavators

**Over 230 OEM
supplier plants.
12 of top 15 global
suppliers
have a significant
footprint in TMASC**

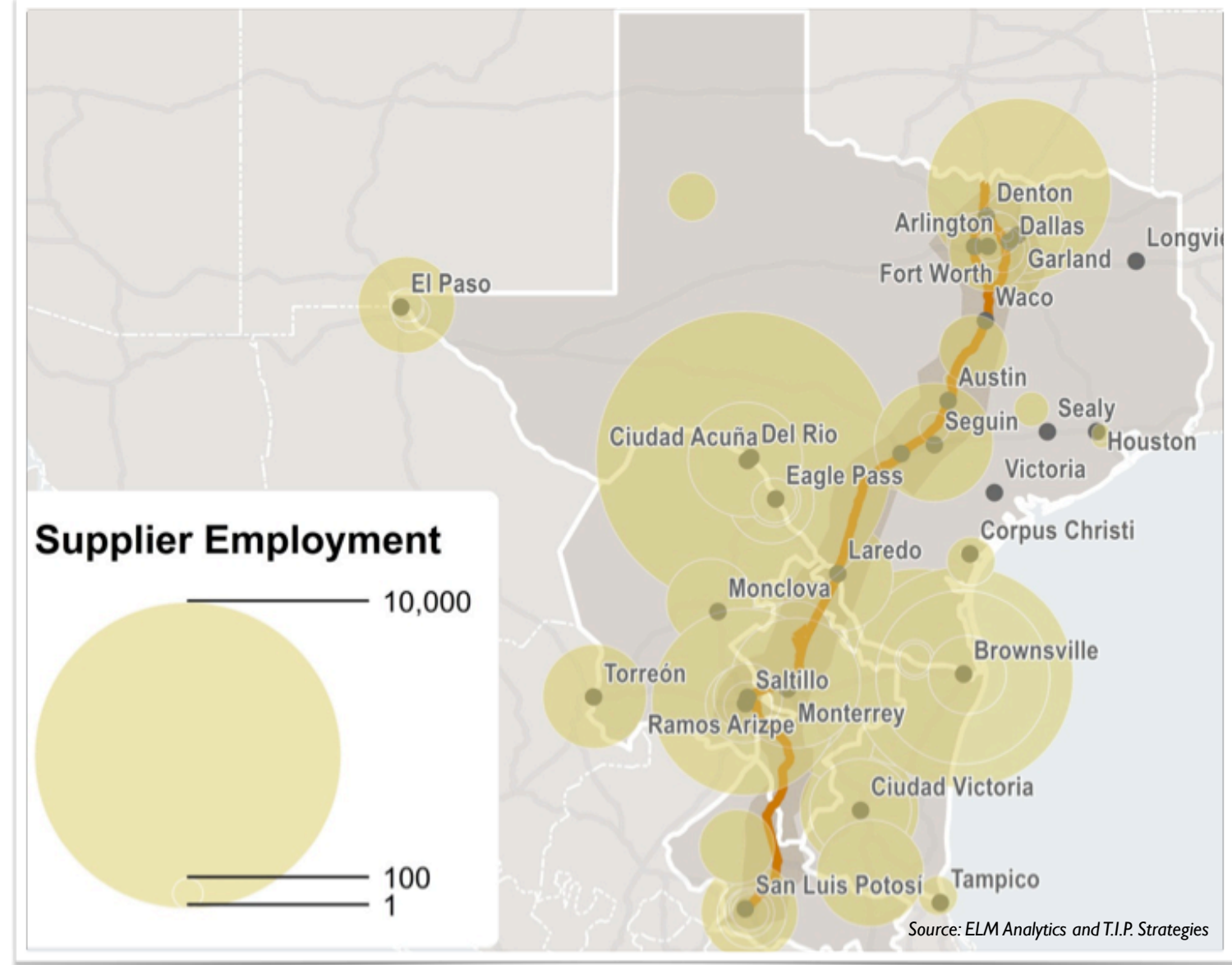


NOTE: Does not include OEM Tier 1 supplier plants that exclusively supply heavy vehicle assembly plants.
SOURCE: ELM Guide, TIP Strategies, Inc., research

The TMASC Region Ranks 4th

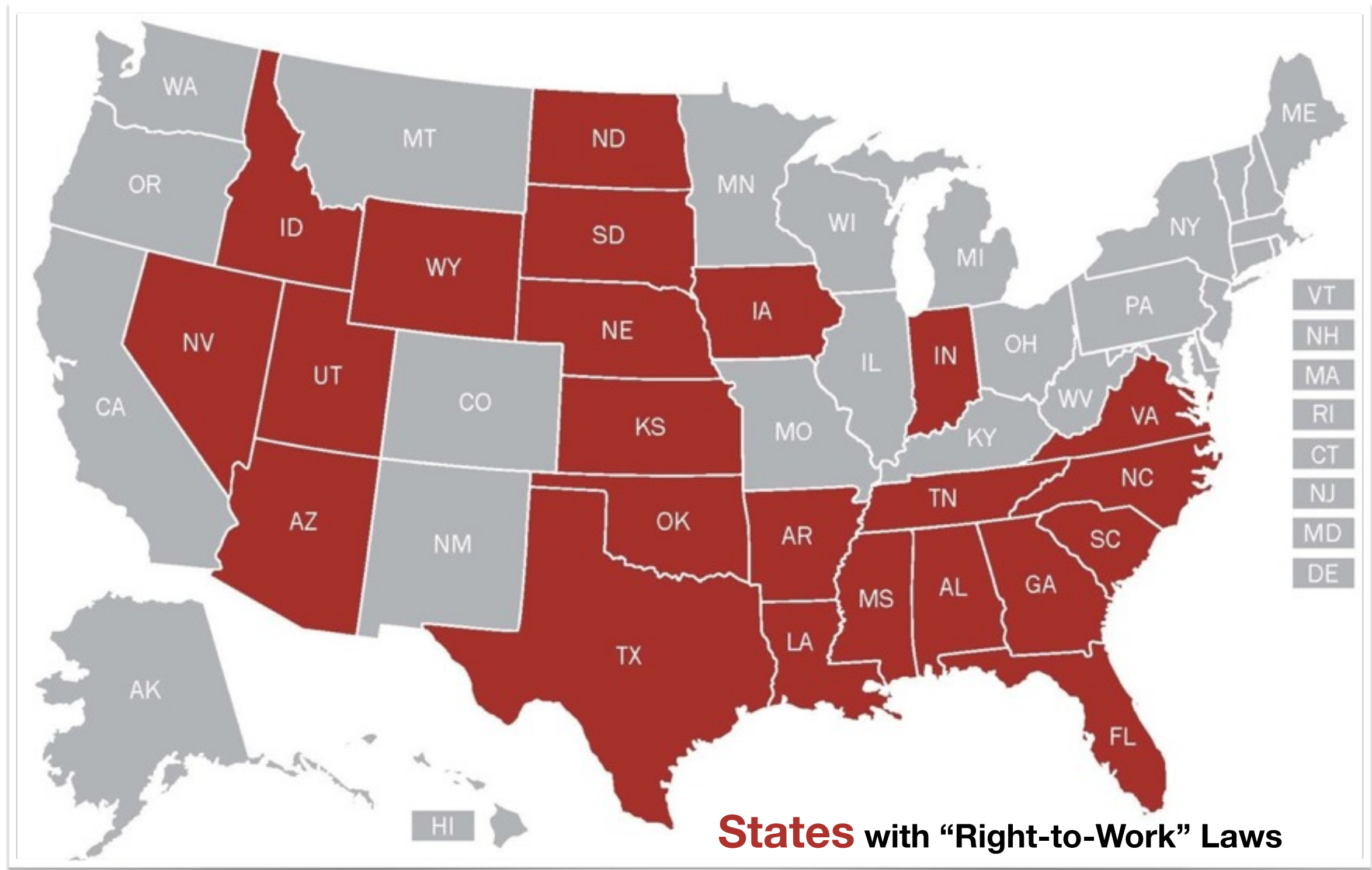
In terms of supplier plant density among North American regions

State	# Suppliers	Employment
Michigan	924	150,380
Ohio	385	99,307
Ontario	361	89,161
TMASC	230	134,241



Cost Advantage of Texas as a Right-to-Work State

- Wages for auto-related occupations are at least 10% lower, on average¹
- Average weekly wage of TX workers in vehicle manufacturing sector is 8-14% less than national average²



Young Population Relative to Other North American Sites

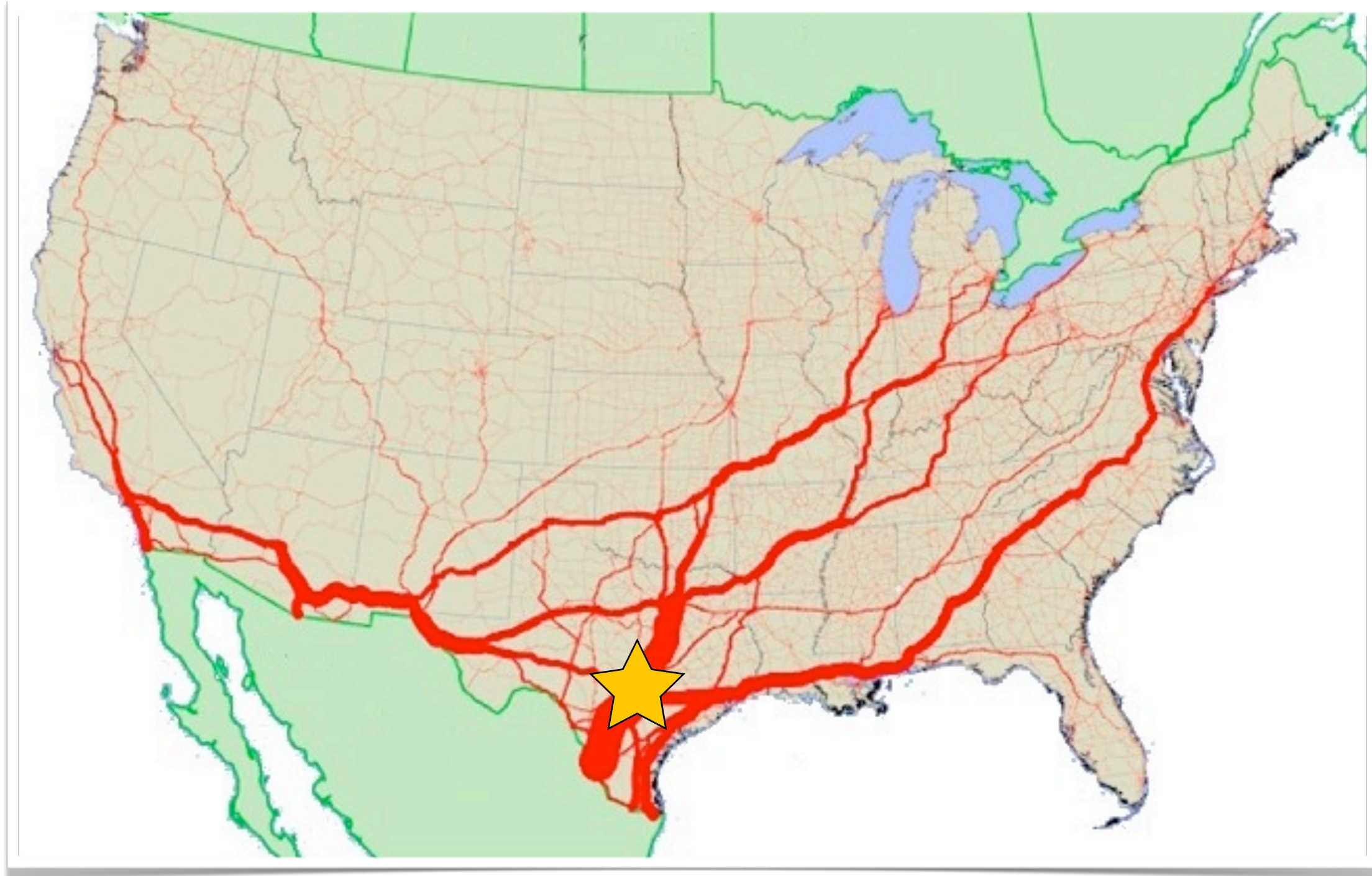
MEDIAN AGE 2010	
Japan	44.7
Canada	39.9
NJ	39.0
OH	38.8
MI	38.9
KY	38.1
TN	38.0
SC	37.9
MO	37.9
AL	37.9
VA	37.5
NC	37.4
U.S.A.	37.2
IN	37.0
IL	36.6
OK	36.2
MS	36.0
GA	35.3
CA	35.2
China	34.5
TX	33.6
Brazil	29.1
Mexico	26.6
India	25.1

MEDIAN AGE 2030	
Japan	51.4
Canada	43.7
China	42.5
SC	41.3
MS	41.1
AL	41.0
NJ	40.8
OH	40.2
MI	40.2
KY	40.0
MO	39.6
U.S.A.	38.7
TN	38.3
OK	37.9
VA	37.8
IL	37.8
IN	37.7
Brazil	37.4
CA	37.4
NC	36.8
Mexico	36.2
GA	35.6
TX	34.6
India	31.2

Sources: Population Division of the Department of Economic and Social Affairs of the UN Secretariat, World Population Prospects. The 2010 Revision (Mexico and Canada reflect 2010 and 2030 estimates); U.S. Census American FactFinder; Statistics Canada; CIA World Fact Book

Historically Integrated NAFTA Economy

Volume of Trucks per Day To/From Mexico, 1998

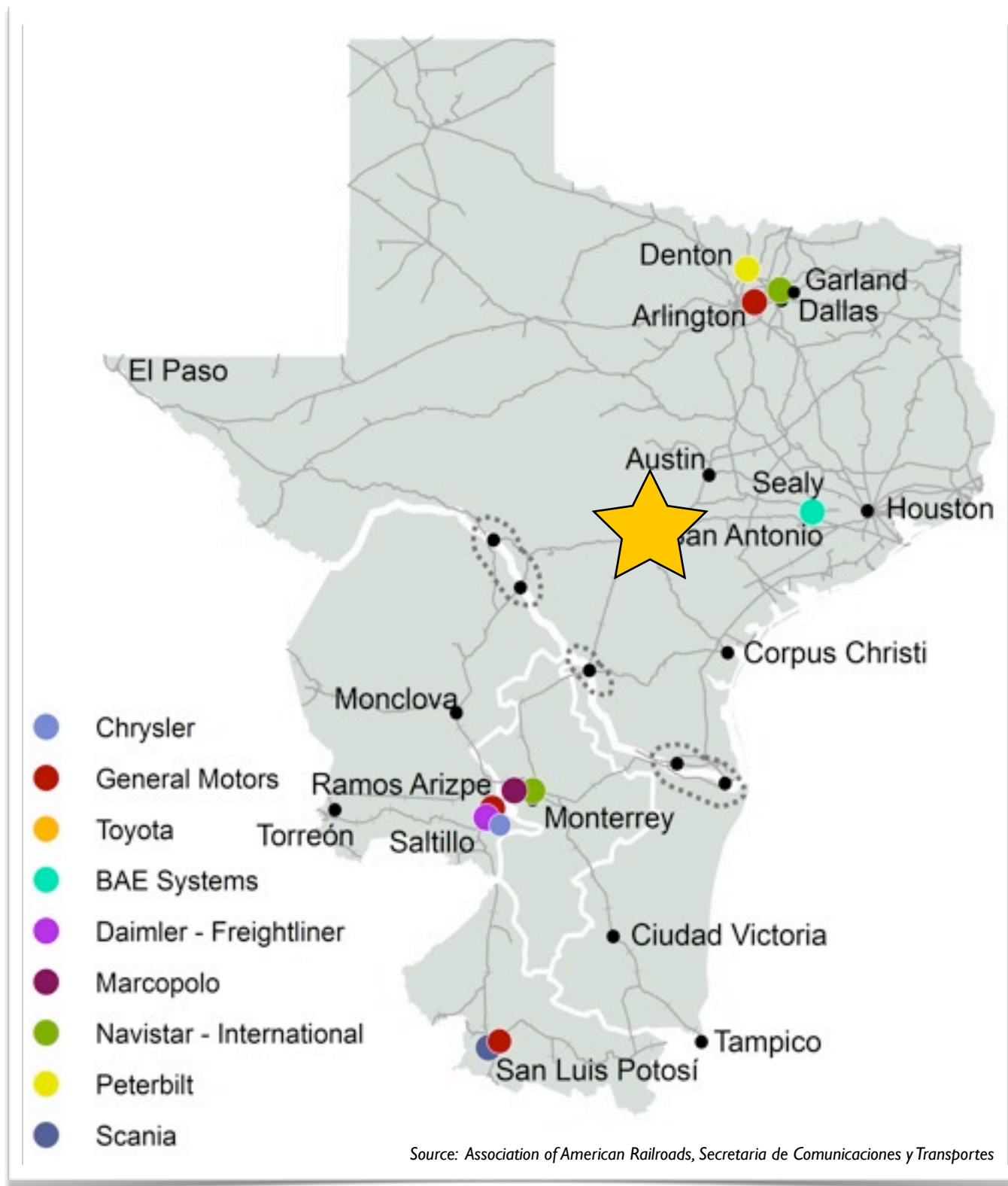




Integration Bolstered by Proximity to Consumer Markets

- 120 million people reside within 400 mile radius of I-35 / MX-85
- Represents approximately:
 - 12% of total US population
 - 74% of total Mexican population

Integration Bolstered by Supply Chain & Market Access via Rail

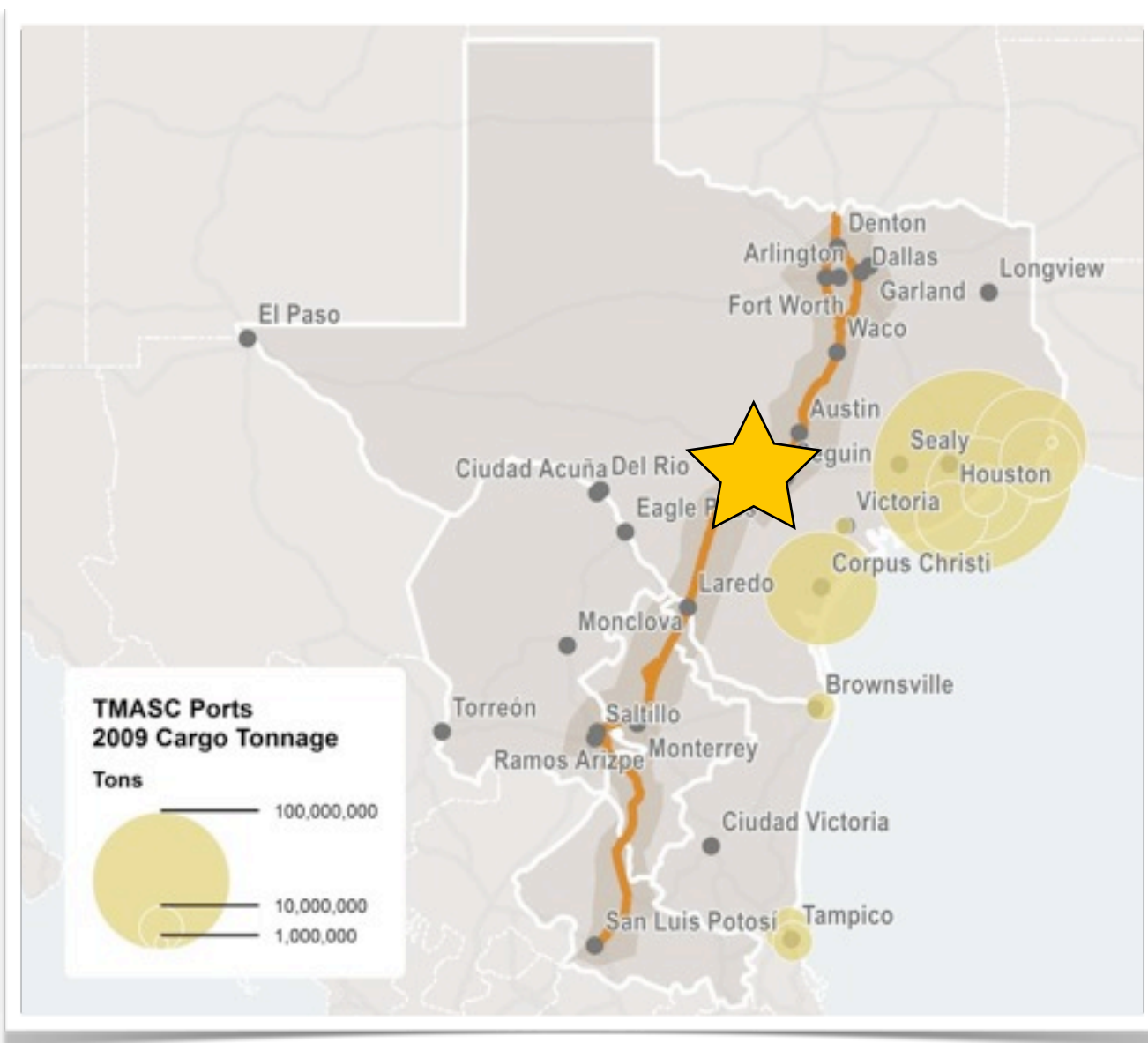


14,415 miles of track in TMASC

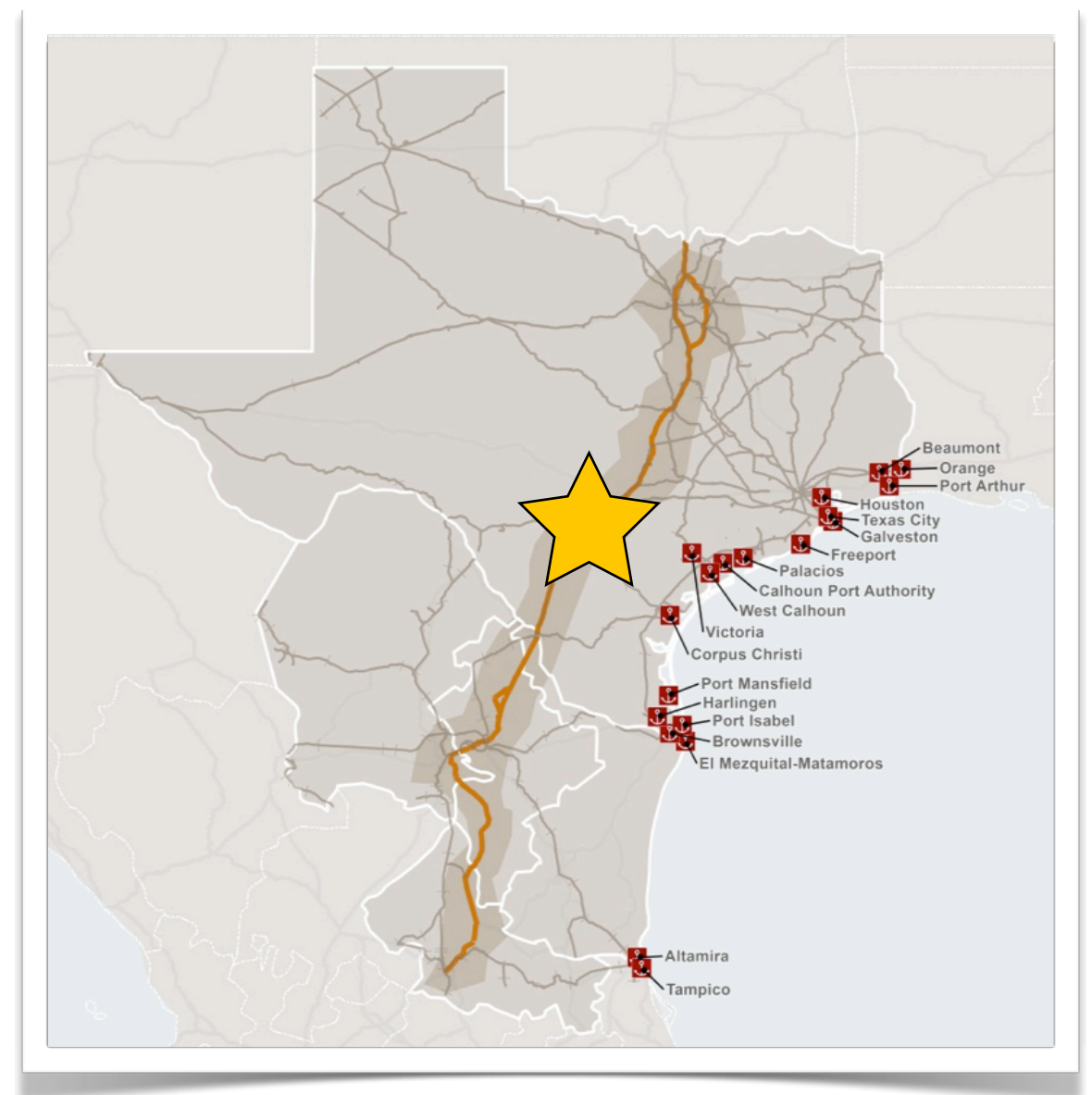
5 Class I railroads serve TMASC

- BNSF
- Ferrocarril Mexicano
- Kansas City Southern
- Kansas City Southern de Mexico
- Union Pacific

Integration Bolstered by Supply Chain & Market Access via Ports

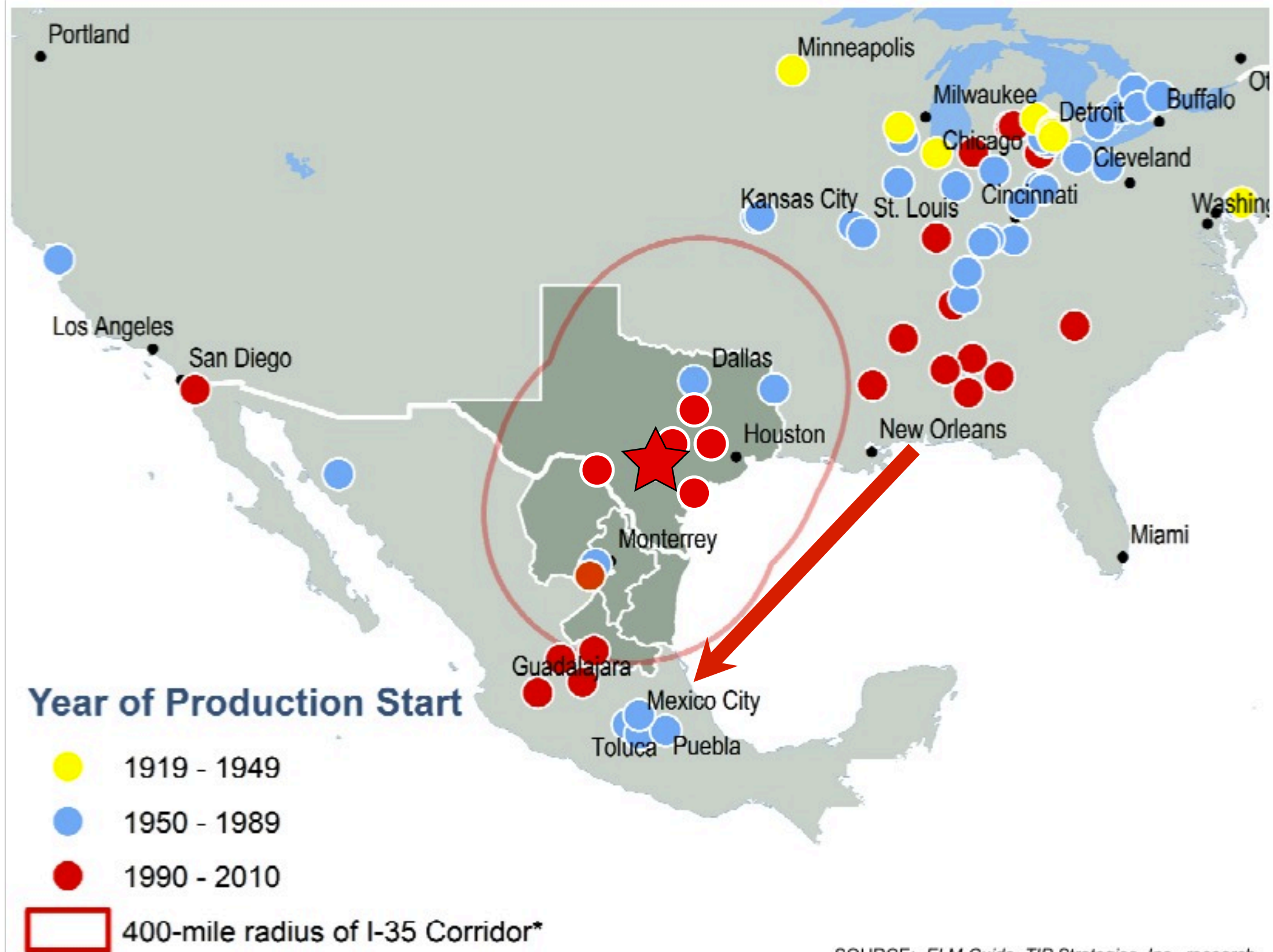


Texas ports rank 2nd nationally by tonnage; handling 500M tons of foreign/domestic cargo



19 ports along the Gulf Coast; strategic supply chain advantage in light of Panama Canal's expansion

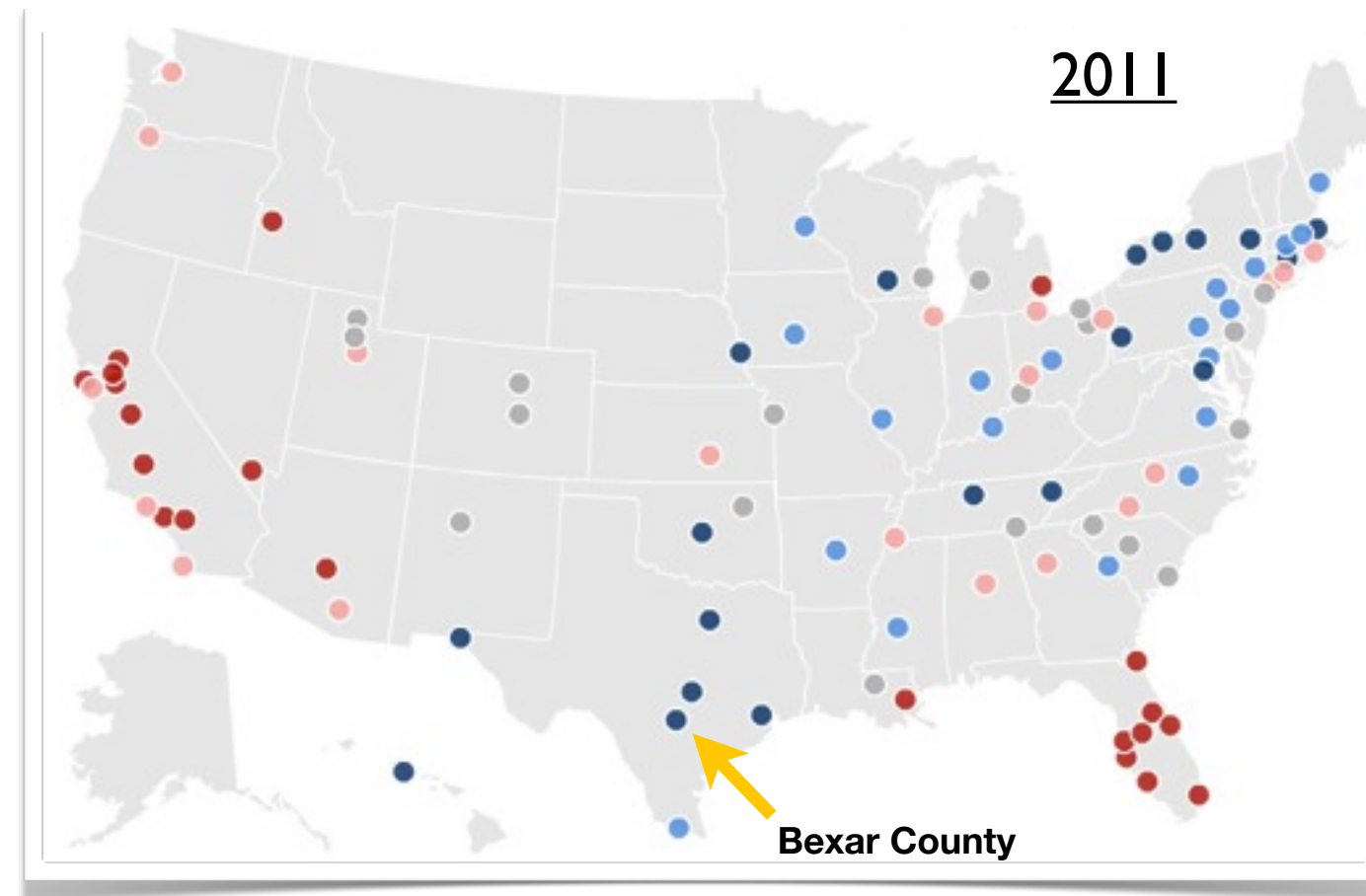
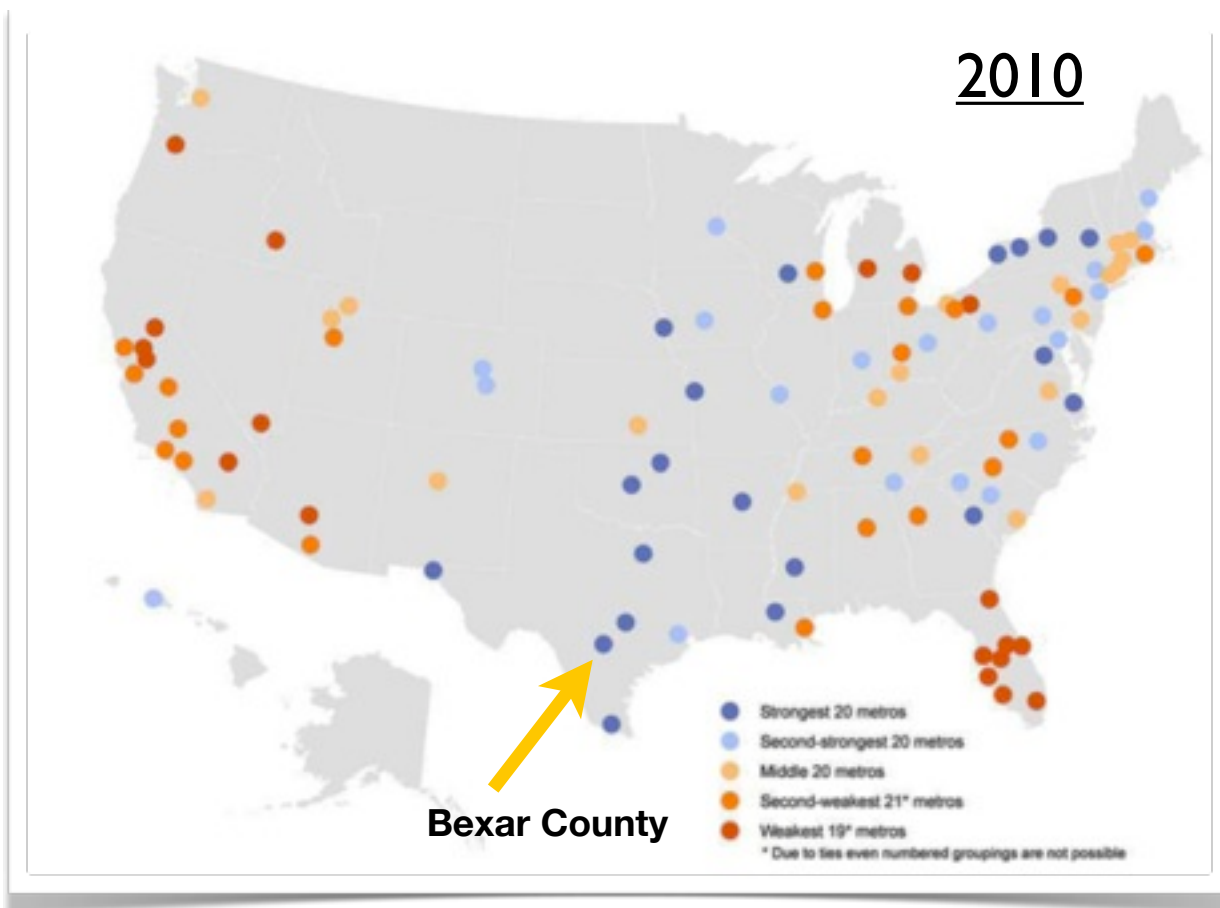
A Greater Trend: Changing Geography of Automotive Assembly



SOURCE: ELM Guide, TIP Strategies, Inc., research

Unique Bi-national, Industry and Infrastructure Integration

Supports & Contributes to Resilient Economy



SEPTEMBER 2011 PERFORMANCE	San Antonio	USA
Employment change from peak (2008Q3)	0.2%	-4.8%
Unemployment rate; change from peak (2008Q3)	8.1%	9.3%
Gross metropolitan product (GMP): change from peak (2008Q2)	2.9%	0.4%
Housing prices: change in housing prices from peak (2009Q1)	-11.2%	-26.7%
Real estate owned properties (REOs) per 1,000 mortgageable properties	2.25	3.63

Source: Brookings Institution MetroMonitor, September 2011



Continued Automotive Investment

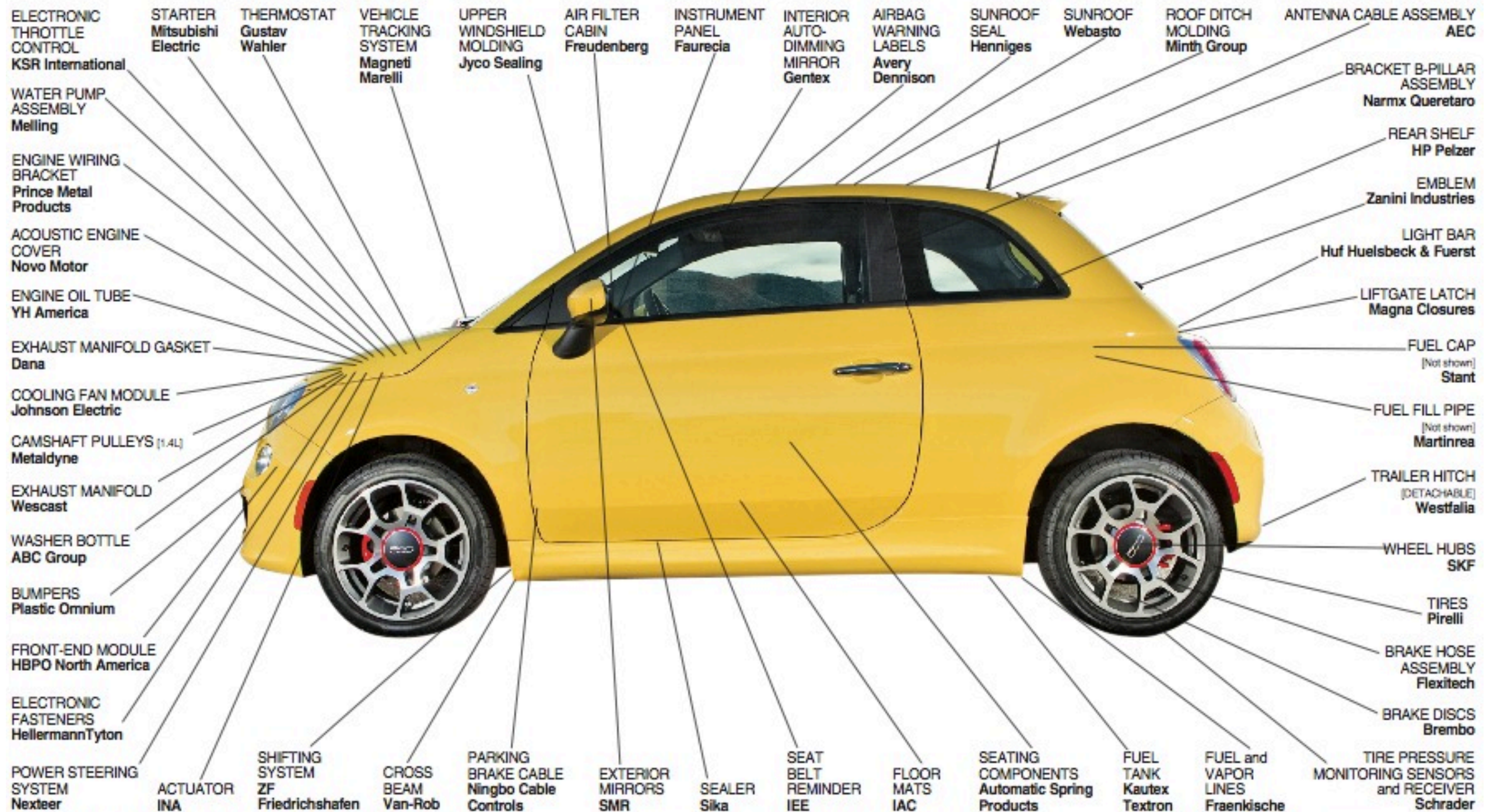
Chrysler Assembling Fiat 500 Subcompact in Mexico

- Chrysler expands Toluca plant for production of 100,000 units
- Target market: new-car shopper, tech fashionista, urban, 20-35 age bracket
- W. Hemisphere market access: plans to sell 75% in NAFTA, 25% in South America

Observing the Cluster Effect in TMASC

145 parts suppliers for the Fiat 500, 35 of which are new Chrysler NAFTA-based suppliers

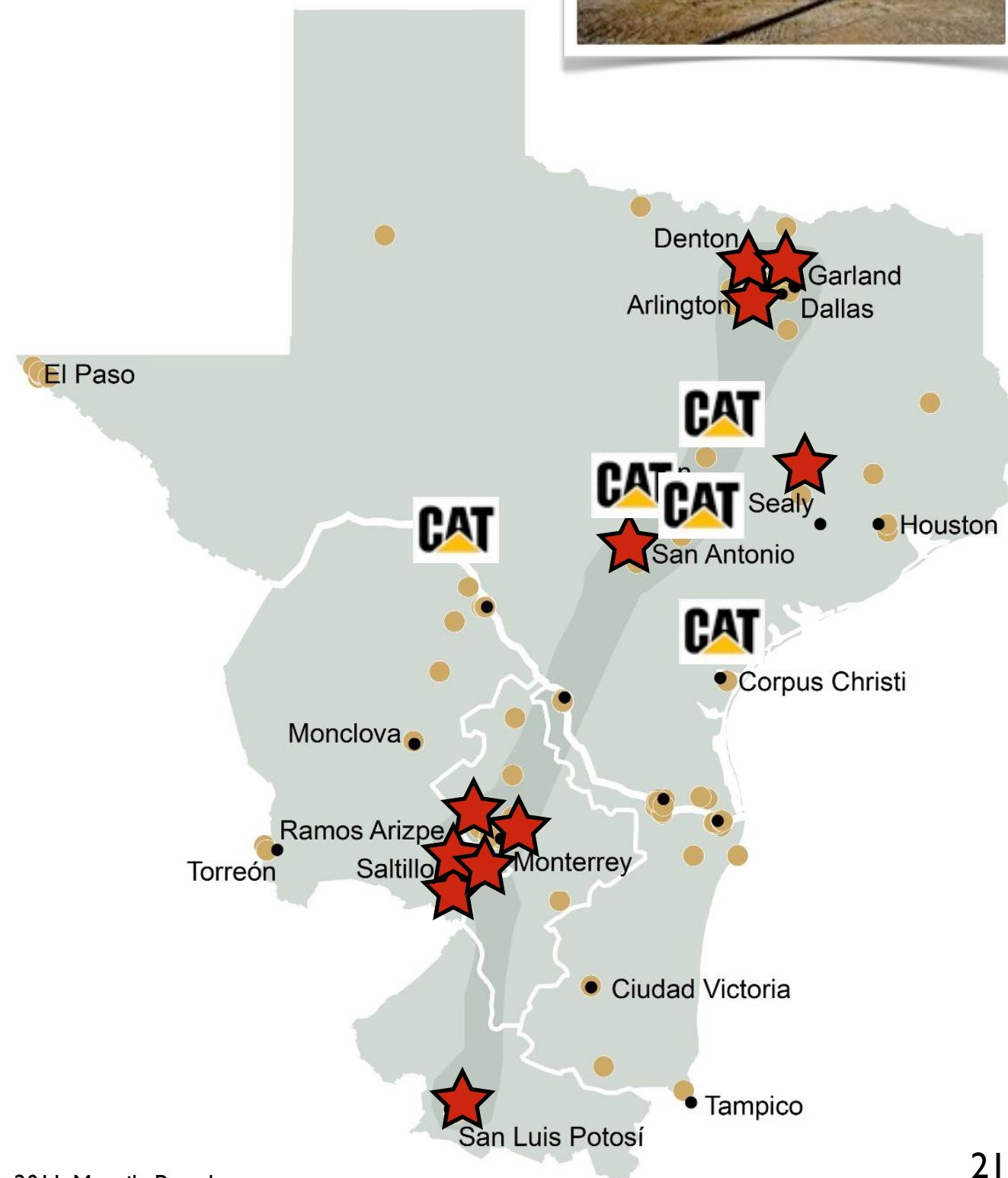
Suppliers to the 2012 Fiat 500



Continued Assembly Investment

Caterpillar expands in four TMASC areas

- June 2010 - Caterpillar opens a \$170M diesel engine plant in Seguin, Texas; 1,400 jobs created.
- March 2011 - Caterpillar opens a 75,000 sq. ft., \$30M tools manufacturing facility in Waco, TX; 62 jobs created.
- April 2011 - Construction begins on a 260,000 sq. ft., \$33M engine head manufacturing plant in Schertz, TX; 150 jobs created.
- June 2011 - Construction begins on a 1 million sq. ft., \$200M facility in Victoria, TX to manufacture hydraulic excavators; 600 jobs created.
- November 2011 - Caterpillar announces expansion of heavy mining truck plant in Ciudad Acuña, Mexico; 430 jobs created.



Toyota Motor Manufacturing, Texas, Inc.

\$2.1B direct investment; 2,300 direct jobs; 21 on-site suppliers

Magnet for supply chain

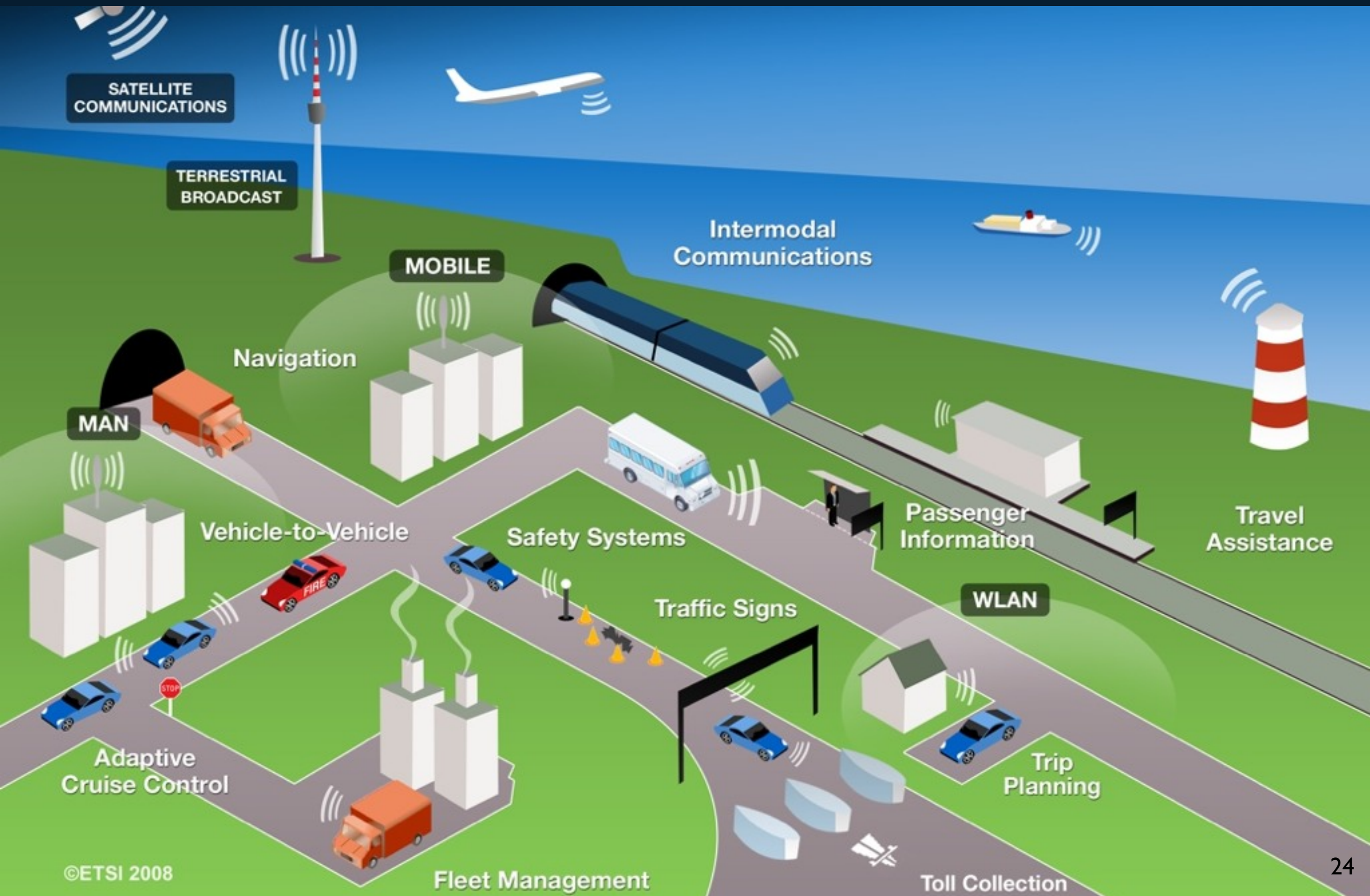


Impediments to Growth

- Culture of collaboration
- Dependence on local economic development activities
- State level toolbox
- Ensuring talent pipeline

TMA SC Focus in 2012 - Building on Momentum, Existing Assets & Trends

Technology innovation, focused recruitment, corporate functions, policy advocacy, global trends



Get involved

- Collaborate
 - Regional marketing
 - Recruitment
- Lead generation
- Connections
- Presentation opportunities
- Intelligence and data
- Policy advocacy
- Editorial for TMASC blog
- Attend upcoming TMASC forum

Connect via:

Web: www.txmxautomotive.com

Twitter: www.twitter.com/tmasc

LinkedIn: TMASC Group





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Strategy Overview, Challenges and Opportunities

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